

**In the Matter of Interest Arbitration** \*  
\*  
Between \*  
\*  
**THE CITY OF MUSCATINE ("City")** \*  
\*  
and \*  
\*  
**THE MUSCATINE FIRE FIGHTERS** \*  
**ASSOCIATION, IAFF LOCAL 1672 ("Union")** \*

**Opinion and Award of:**

Lon Moeller,  
Arbitrator

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**Preliminary Statement**

This case involves an interest arbitration proceeding arising under the Iowa Public Employment Relations Act, Iowa Code Chapter 20. The parties entered into an independent impasse procedure, which included fact-finding and culminated in binding interest arbitration.

The interest arbitration hearing was held on June 16, 2004, at Muscatine City Hall, located at 215 Sycamore Street, in Muscatine, Iowa. The City and Union appeared through their designated representatives and offered evidence through exhibits and the testimony of witnesses. The parties stipulated that the only statutory impasse item before the Arbitrator is wages.

**Appearances****For the Union:**

Rick Scofield, Iowa Professional Firefighters and Spokesperson  
Chris Brase, Union President  
June Ann Gaeta, Firefighter and Municipal Fire and Police Retirement System of Iowa Trustee  
Mike Colline, Firefighter  
Joe Timmsen, Firefighter/Paramedic  
Rhonda Theobald, Firefighter/EMT-P  
David Courois, Firefighter/EMT-B

**For the City:**

William Sueppel, Attorney and Spokesperson  
Stephanie Romagnoli, Human Resources Manager  
Steve Dalbey, Fire Chief  
Jerry Ewers, Assistant Fire Chief

## **I. Final Offers**

### **A. Union**

One year contract (7/1/04 – 6/30/05); 3.5% across-the-board wage increase (Appendix A – WAGE SCHEDULE) effective July 1, 2004

### **B. City**

One year contract (7/1/04 – 6/30/05); 2.5% across-the-board wage increase (Appendix A – WAGE SCHEDULE) effective July 1, 2004

(Union Exhibit 1; City Exhibits 2 and 3)

## **II. Position of the Union**

The Union argues that its final offer is the more reasonable of the two final offers on the wages impasse item. In support of its position, the Union makes the following points:

- A. The agreed-on comparables include Bettendorf, Burlington, Clinton, Fort Dodge, Marion, Marshalltown, Mason City, Newton and Ottumwa (Union Exhibits 7-9). Three of the comparable fire departments, like Muscatine, operate ambulance services: Burlington, Clinton and Newton (Union Exhibit 9).
- B. Although Muscatine is the third largest fire department among the comparables, Muscatine firefighters are at the low end of the comparable wage rankings. The City's firefighters are ranked seventh (of nine) at the starting firefighter wage rate, sixth (of nine) at the top firefighter wage rate and fifth (of seven) at the top wage rate for the lieutenant job classification (Union Exhibits 10 and 12). The 2004-05 settlements among comparable fire departments range from 2% to 4% (Union Exhibit 13).
- C. Of the comparables, only Muscatine firefighters negotiated health insurance changes for the 2004-05 contract year (Union Exhibits 2, 4 and 13). The Union accepted the City's proposal to increase deductibles from \$200/\$400 to \$300/\$600 and out-of-pocket maximums from \$500/\$1,000 to \$600/\$1,300 starting May 1, 2004 (Union Exhibit 4). This change comes on the heels of a negotiated agreement to go to a PPO on January 1, 2003. The Union's willingness to voluntarily negotiate health insurance changes has resulted in substantial cost savings to the City: \$5,259.84 in 2002-03, \$10,879.80 in 2003-04, an additional \$388.04 for the 2003-04 fiscal year and an estimated \$2,408.28 for fiscal year 2004-05 (Union Exhibit 4).
- D. The parties' past years settlements – from 2000-01 to 2003-04 – reflect an average wage increase of 3.93% (Union Exhibit 14). By contrast, the wage

increases for the captain, assistant chief and chief positions in the department averaged 12.85%, 7.65% and 6.1% during the same period of time (Id.).

- E. Firefighter and Municipal Fire and Police Retirement System of Iowa Trustee June Ann Gaeta testified that the City's contribution rate for the Chapter 411 police and fire pension program is based on actuary assessments – done in accordance with the mandates of the Iowa legislature – and determined on the basis of an “aggregate cost method.” The level of benefits is likewise determined by the Iowa legislature.
- F. The City began operating an ambulance service on July 1, 2000. Since that time, the number of total ambulance runs has significantly increased (Union Exhibit 16). The City has the second most total runs (3,143) among comparable fire departments that operate ambulance services (Union Exhibit 15). Approximately 86% of the ambulance runs are EMS – “emergency medical service” – calls (Union Exhibit 18). The City receives considerable revenues from the ambulance service (Union Exhibits 23-24). It has also saved general fund money by shifting personnel costs from the fire department to the ambulance service (Union Exhibit 23). Fire Chief Dalbey reported that the ambulance service “saved the taxpayers approximately \$330,000” and is “a profitable enterprise beyond our most optimistic projections” (Union Exhibit 25, p. 4). The increased number of ambulance runs, coupled with the additional training, increased job responsibilities and staff demands associated with the operation of an ambulance service (Union Exhibits 21 and 22), supports a 3.5% across-the-board wage increase.

### **III. Position of the City**

The City maintains that its 2.5% across-the-board wage offer is the more reasonable and makes the following points to support its argument:

- A. Wage increases for the City's firefighters and police have historically “been about the same” (City Exhibit 7, p. 1). Police and fire are both covered by the Chapter 411 pension system. The parties have worked to establish wage parity between the police and fire department bargaining units (City Exhibit 7, p. 3). The police and fire department bargaining units negotiated identical seven step wage schedules in 2001 and 2002 (City Exhibits 7A and 7B); they additionally agreed to roll longevity pay into their negotiated wage schedules (City Exhibit 7, p. 2). For the 2003-04 contract, the police and firefighters negotiated “identical agreements for insurance and wages” (City Exhibit 7, p. 2). The Union and City agreed on the same insurance proposal negotiated by the City and the police union and agreed to a vacation proposal for the 2004-05 contract “identical to the police vacation schedule” (City Exhibit 7, p. 3). Muscatine police negotiated across-the-board wage increases of 2.5% for the 2004-05 contract year and 2.5% for the

2005-06 contract year. The City's non-union employees will likewise receive a 2.5% wage increase for the 2004-05 fiscal year (City Exhibit 9).<sup>1</sup>

- B. The average wage rate for the 2004-05 contract year for the external comparables – Bettendorf, Burlington, Clinton, Fort Dodge, Marion, Marshalltown, Mason City, Newton and Ottumwa – is 2.5% (City Exhibits 10-12). The 4% wage increase reported by the Union for Fort Dodge for 2004-05 must be viewed in light of the parties' decision to negotiate a wage freeze in 2003-04; the same is true of the 3% 2004-05 wage increase in Marshalltown, which follows a 2003-04 wage freeze (City Exhibit 11). Among the comparable fire departments that operate ambulance services (Burlington, Clinton and Newton), the average 2004-05 wage settlement is 2.67% (City Exhibits 11 and 12). Although the City is the smallest comparable in terms of population size, Muscatine firefighters will maintain their rank among the comparables at the top firefighter wage rate under the City's proposal (City Exhibits 13 and 14). Twenty-seven of the 30 firefighters on the fire department seniority list are at step six or higher on the wage schedule (City Exhibit 5). Three of the comparables (Burlington, Clinton and Fort Dodge) have laid fire fighters off from work in 2004 (City Exhibits 11 and 12).
- C. The Fact-Finder recommended the City's 2.5% across-the-board wage increase. In his report, the Fact-Finder relied on "the declining financial situation in the City of Muscatine" and "the historic relation between police and fire wages in the city" (Fact-Finder's Report, p. 11).
- D. The City's "declining financial situation" can be attributed to funding changes by the State, a continued increase in health insurance costs and substantial Chapter 411 pension contribution increases (City Exhibit 7, p. 3). Over the past few years, the State reimbursement to the City for the machinery and equipment tax has been eliminated, the bank franchise tax distribution discontinued and consolidation pay from the State was eliminated after the City adopted its 2003-04 budget (City Exhibit 15, p. 5). Most recently, the State announced that it was only going to provide the City with 8/9ths of the Veterans and Homestead tax credit – again after the City had adopted its 2004-05 budget – a loss of some \$40,000. The City's general fund balance has been declining (City Exhibit 15, p. 6), causing the City to make several one-time transfers to balance its 2003-04 and 2004-05 budgets (City Exhibit 15, p. 8). Significantly, "[t]he 2004/2005 budget ending fund balance is approximately \$100,000 short of the targeted amount" (City Exhibit 15, p. 6) which may necessitate additional budget cuts during the upcoming fiscal year. The City has responded to its "declining financial situation" by eliminating jobs through attrition – including a Fire Marshall position – and cutting or eliminating funds to several outside agencies, such as the Development Corporation, Tourism and Convention Bureau and Senior Resources (City Exhibit 15, pp. 7-8). The City has also made "huge overpayments" to the police and fire pension fund established under Iowa Code

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<sup>1</sup> The City's "blue-white collar" bargaining unit negotiated a 2.90% wage increase for the 2004-05 contract year; however, the City emphasizes that this unit has not historically "been compared to Police and Fire" (City Exhibit 9).

Chapter 411 from 1996-2002 (City Exhibit 17). The surplus created by these overpayments was offset by "substantial legislative increases in pension benefits" (Id.). Through this entire time, the City has not laid off firefighters and has continued to pay 100% of the single insurance premium and 95% of the dependent insurance premium for the firefighter bargaining unit (City Exhibits 16 and 18).

- E. The consumer price index is currently under 2% (City Exhibit 18). Firefighter wage increases since 1994 have far outpaced changes in the consumer price index (Id.). No firefighter has resigned from Muscatine since January 3, 2002 (City Exhibit 6).

#### IV. Discussion

The parties have based their arguments and exhibits on the following statutory factors of Iowa Code §20.22(9):

- "Past collective bargaining contracts between the parties including the bargaining that led up to such contracts";
- "Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved";
- "The interests and welfare of the public, the ability of the of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services";
- "The power of the public employer to levy taxes and appropriate funds for the conduct of its operations"; and
- "[A]ny other relevant factor"

Muscatine is a well-run municipality with an outstanding fire department that the City is justifiably proud of. The public interest supports both financial responsibility and fairly compensating public employees. The difference between the parties' final offers – as determined by the Fact-Finder – is \$11,356.10 (Fact-Finder's Report, p. 6). It is undisputed that the City can fund either final offer. Both final offers exceed the current rate of inflation. While the City has been impacted by the State's funding changes and revenue shortfalls, and has made significant contributions to the Chapter 411 retirement system for its police officers and firefighters, Muscatine is in the same boat as many other municipalities in Iowa. Given that the City has not been forced to layoff bargaining unit employees, it has apparently managed its financial situation better than other Iowa cities. Health insurance costs, as the City notes, have been on the rise; however, there is no evidence that the City's health insurance costs are higher than other comparable cities. The Union has also stepped up to the plate on the issue of health insurance costs by agreeing, during the past two rounds of contract negotiations, to a PPO and increased deductibles and out-of-pocket maximums.

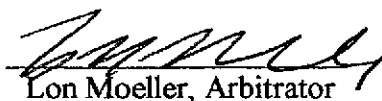
This case comes down to comparability. What the record shows is that the parties have negotiated recent contracts with an eye to what the police union has done. Muscatine firefighters have a wage schedule that, in structure, has been negotiated along the lines of the police wage schedule. They negotiated the same percentage wage splits in 2003-04. For the 2004-05 contract, the police and firefighters agreed to the same health insurance proposal and the firefighters negotiated vacation language that was identical to that of the police. The City's 2.5% across-the-board wage offer for 2004-05 is the same wage increase the firefighters agreed to in 2003-04. Inasmuch as the police negotiated a 2.5% across-the-board wage increase for the 2004-05 contract year, internal comparability supports the City's final offer.

Wage comparisons with other public employers help to establish the appropriate "market rate" for a particular bargaining unit. Here, the agreed-on external comparables favor the City's proposed 2.5% across-the-board wage increase. Union Exhibit 13 reports an average comparable wage increase of 2.88% for 2004-05. City Exhibit 10 shows a comparable average wage increase of 2.50%.<sup>2</sup> The average wage increase for the three comparables that operate an ambulance service is 2.67%. Of the one-year contracts for 2004-05, the comparable average is 2.33% - 2.50% if the Mason City fact-finder's report is factored in. With the exception of Fort Dodge, the highest comparable 2004-05 wage settlement is 3%. There is no evidence that Muscatine will slip in the wage rankings under the City's offer.

There is no question "that the Fire Department's role has expanded since taking over ambulance duties on July 1, 2000" (Fact-Finder's Report, p. 4). Because of this "expanded role" and increased job responsibilities involved with operating an ambulance service, the Union is in a position to ask for an "above-average" wage increase. A 3% across-the-board wage increase – had that been recommended by the Fact-Finder – would have likely fit that bill for 2004-05. The Arbitrator, however, must choose between a 2.5% across-the-board increase and a 3.5% across-the-board increase. Based on this record, and the factors of internal and external comparability, a 2.5% across-the-board wage increase for 2004-05 is the more reasonable of the two final offers on the wages impasse item.

#### V. Award

For the reasons set forth above, the Arbitrator selects the City's final offer: one year contract (7/1/04 – 6/30/05); 2.5% across-the-board wage increase (Appendix A – WAGE SCHEDULE) effective July 1, 2004.

  
Lon Moeller, Arbitrator

Dated at Iowa City, Iowa this  
25<sup>th</sup> day of June 2004

<sup>2</sup> The City's settlement average includes the 3% across-the-board wage increase recommended by a fact-finder for Mason City. Without the fact-finder's recommendation for Mason City, the City's 2004-05 comparable average is 2.44%.

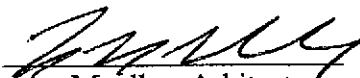
**CERTIFICATE OF SERVICE**

I certify that on the 25<sup>th</sup> day of June, 2004, I served the foregoing arbitration award upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Chris Brase  
President, Muscatine Fire Fighters Association  
972 Newell Avenue  
Muscatine, IA 52761

William Sueppel  
122 South Linn Street  
Iowa City, IA 52240

I further certify that on the 25<sup>th</sup> day of June 2004, I will submit this interest arbitration award for filing by mail with the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, Iowa 50309.

  
Lon Moeller, Arbitrator

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